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SUBJECT: CODEL SCHIFF MEETS PRESIDENT SARGSIAN AND FM NALBANDIAN

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Classified By: CDA ROBIN PHILLIPS, 1.5(B,D)

¶11. (C) Summary. U.S. Representatives Adam Schiff, Wayne Gilchrest, and Allyson Schwartz, accompanied by the Charge, called on President Serzh Sargsian and Foreign Minister Eduard Nalbandian late in the evening of May 24. Congressman Schiff registered USG concern about the February presidential elections in Armenia and the post-election March 1 violence, and linked future assistance appropriations and the continuation of Armenia's Millennium Challenge Account eligibility to clear improvements in Armenia's democracy and response to the post-election violence. Sargsian replied that democracy was a long-term process, and that his country's progress should be judged comparatively. Sargsian noted steps to form a parliamentary investigatory commission on the elections, and stated that his government would work for greater stability in the country. Both Sargsian and Nalbandian expressed optimism at the upcoming June 7 meeting between Sargsian and Azeri President Aliyev, but expressed dismay at rising Azerbaijani military spending and rhetoric. Sargsian requested the Congressman assist in appointing a new U.S. Ambassador to Armenia, and thanked Congressman Schiff for introducing a bill calling for the end of the Turkish economic blockade on Armenia. CODEL Schiff's other meetings will be reported SEPTEL. End Summary.

¶12. (C) The congressional delegation (CODEL) of Adam Schiff, Wayne Gilchrest, and Allyson Schwartz, accompanied by the Charge, called on President Serzh Sargsian and Foreign Minister Eduard Nalbandian late in the evening of May 24. Congressman Schiff noted that Armenia was an ally and the U.S. wanted to be a partner in the country's economic and political development. However, as a member of the House Foreign Operations Sub-Committee in Congress, Schiff warned Sargsian that USG concerns over Armenia's recent presidential election process and post-election violence could affect future appropriations to Armenia, including the Millennium Challenge Account. Sargsian's government needed to show how they were addressing these concerns.

A Comparative Improvement

¶13. (C) Sargsian replied that strong Armenia-U.S. ties were important for the stability and development of Armenia. Democracy in Armenia was a long-term process, Sargsian maintained, that should be judged in comparison not with the EU or U.S. as benchmarks but with the country's own past and with that of the region. Compared to past elections, the recent presidential elections were much better. Internal observations as well as the OSCE conclusion that the election "mostly met" international standards and obligations

supported this conclusion. Sargsian conceded that observers noted shortcomings and problems which his government would have to work to improve. Sargsian fully recognized his government's responsibility in making these improvements and, as evidence, stated that criminal charges had been brought against electoral commission representatives (Note: to date, charges have only been brought against opposition proxies; pro-government proxies accused of vote rigging and ballot-stuffing remain untouched. End Note). Returning to his focus on stability, Sargsian averred that his government would take the required steps to stabilize Armenia and move the country forward. His government had recently sent a letter to the Council of Europe's Secretary General outlining these steps.

4. (C) Sargsian announced that in early June the National Assembly would form an independent investigatory commission on the post-election violence. He stated the parliamentary opposition, despite holding only seven of 131 parliamentary seats, would likely be made co-chairs of the commission. The envisioned commission would have a professional staff and include participants from outside parliament. Sargsian stated his government had applied to international organizations to provide expertise to the commission. Congressman Schiff encouraged Sargsian to do everything possible to get an objective account of the March 1 events in order to prevent similar violence from recurring.

¶ 5. (C) Sargsian provided the CODEL his analysis of the March 1 violence, asserting that the demonstrations got out of hand not because police over-reacted to events but, conversely, because security forces under-reacted and let the rally spin out of control. LTP and his supporters had had confrontation as their end goal for months, Sargsian contended. Firearms, grenades, and Molotov cocktails were used by looting rioters

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against the police forces, according to Sargsian, which resulted in one officer dead and 45 wounded. (Note: A second police officer died of his wounds several days after the violence. End Note.) Sargsian flatly denied that anyone shot into the crowd on the night of March 1.

Millennium Challenge Account

¶ 6. (C) Sargsian stated he regretted seeing the Millennium Challenge Corporation's work in Armenia slowed because of "certain events." Sargsian stated that slowing down MCC assistance was not advancing democracy in Armenia, and much time would be lost if the next funds disbursement were held until after the summer construction season. Sargsian requested that MCC assistance be continued. Schiff tied MCC funding to democratic reform in Armenia and replied to Sargsian that, as a friend of Armenia, he would be happy to convey to MCC CEO Ambassador Danilovich any reports on how Sargsian's government is addressing election concerns and post-election violence.

Lift the Blockade; Give us an Ambassador

¶ 7. (C) Sargsian thanked Congressman Schiff for recently introducing a bill calling for the end of the Turkish economic blockade of Armenia's Turkish border. Sargsian also called on the CODEL to assist in confirming a new U.S. Ambassador to Armenia. Sargsian stated that the long absence of an Ambassador was not helping U.S.-Armenian relations, and an ambassador was needed to further bilateral ties.

Nagorno-Karabagh

¶ 8. (C) Armenia and Azerbaijan had to compromise to reach a solution on Nagorno-Karabagh (N-K), Sargsian opined, but

there was no agreement on what that compromise should be. Azerbaijan only wanted to resolve the situation in its favor and this would be impossible. According to Sargsian, the Azerbaijani position was either to return the territories to 1988 boundaries or begin war anew. Sargsian noted the alarming rise in Azerbaijan's military budget and the government's open use of ultimatums and military rhetoric. Despite this characterization, Sargsian looked forward to his June 7 meeting with Azerbaijani President Aliyev in St. Petersburg, where he would see if his Azerbaijani counterpart was ready to move forward with negotiations on the basis of the Minsk Group Co-Chairs, Basic Principles. For his part, Sargsian said Armenia was ready to negotiate based on the Basic Principles. Sargsian noted that any deal would have to have wide public support and approval.

¶9. (C) Congressman Schiff queried whether Sargsian saw any evidence of external actors, especially Russia or Iran, working to prolong the N-K conflict to keep Armenia dependent on them economically for fuel and other goods. Sargsian stated there was no external interference and that Russia, as a co-chair of the Minsk Group, was in favor of the Basic Principles and of further negotiations, which would reduce military risks in the region.

FM on Nagorno-Karabagh and Regional Pressure Politics

¶10. (C) Directly following the CODEL's meeting with President Sargsian, the CODEL and Charge called on Foreign Minister Eduard Nalbandian. Nalbandian, like Sargsian, thanked Congressman Schiff for his bill on Turkey, and expressed optimism ahead of the June 7 meeting between the presidents of Armenia and Azerbaijan. He hoped negotiations could continue on the basis of the Co-Chairs, Basic Principles, but at the same time noted several worrying developments within Azerbaijan, to include non-constructive statements from Azerbaijan's Ministry of Foreign Affairs, polling data suggesting Azerbaijanis favored a military solution to the conflict, and a 10-fold increase in Azerbaijan's military budget. Nalbandian welcomed past practice to keep U.S. military assistance for Armenia and Azerbaijan equal, but in light of the large Azerbaijani defense spending increases suggested that perhaps the U.S. should halt assistance to Azerbaijan all together. Nonetheless, Nalbandian reiterated that he and President Sargsian were optimistic that negotiations would go forward. War, he stated, was not an option. There was no alternative

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but for a peaceful resolution.

¶11. (C) To Congresswoman Schwartz's and Congressman Schiff's questions whether Armenia received pressure from Iran or Russia to vote certain ways in the United Nations, Nalbandian replied that Russia had not pressured Armenia to vote against Georgia in the UN General Assembly on an Abkhazia resolution. Nalbandian emphasized that Georgia was important to Armenia for commerce, energy, regional stability, and simply by virtue of being its neighbor, but this did not mean the two countries always had to agree. Iran did not pressure Armenia to vote against Israel, and in fact Armenia had supported Israel many times. Nalbandian conceded that on some issues it was easier for Armenia to abstain from voting because being in the region Armenia must consider its long term relations with its immediate neighbors. Armenia's relations with Iran were very transparent and exactly as they were reported on in the newspapers; Armenia engaged Iran only in projects that were absolutely necessary for Armenia. Nalbandian then confided that, frankly and "off the record," the real reason Armenia had voted against Georgia was retaliation for Georgia's vote in favor of Azerbaijan's unbalanced UNGA resolution on N-K, in which Nalbandian said Georgia had been virtually the only non-Organization of the Islamic Conference (OIC) country to support Azerbaijan.

¶12. (U) Embassy Yerevan thanks CODEL Schiff for its successful visit in Yerevan, and appreciates the CODEL's assistance in emphasizing with the Sargsian government the importance of democratic reforms and constructive dialogue.

¶13. (U) CODEL Schiff cleared this message.

PENNINGTON